

AMENDED IN SENATE APRIL 13, 2004

**SENATE BILL**

**No. 1713**

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**Introduced by Senator Machado**

February 20, 2004

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An act to amend Sections 17072, 17132.5, 17152, 17731, 18571, 23701w, and 23712 of, to add Sections 17160.5, 17202.5, and 23703.5 to, and to repeal and amend Section 17144.5 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1713, as amended, Machado. Income and corporation taxes: military families.

The Personal Income Tax Law imposes taxes based on taxable income and provides various deductions and exclusions in computing the tax.

This bill would, in specified conformity to federal income tax laws, including the Military Family Tax Relief Act of 2003, allow a deduction in computing adjusted gross income for certain trade and business deductions of members of the Armed Forces of the United States, allow an exclusion from gross income for certain death benefits payable by reason of death of astronauts, allow an exclusion for certain military fringe benefits, allow a specified 5-year period to be suspended in excluding gain from the sale of a principal residence if the individual's spouse is serving in the uniformed services or the Foreign Service of the United States, exclude certain military death gratuity payments from gross income, exclude from taxation certain income in respect of the death of astronauts, and provide additional conformity to federal law relating to time for performing certain acts postponed by reason of service in combat zones or contingency operations.

The Corporation Tax Law provides an exemption from taxation for a veteran's organization, as defined, and for a Coverdell education savings account.

This bill would, in specified conformity to federal laws, modify the membership requirement for exemption from taxation for a veteran's organization, suspend the tax-exempt status of terrorist organizations, and expand the use of Coverdell education savings accounts with respect to distributions made on account of attendance at specified military academies.

*This bill would also declare the public purpose it serves.*

This bill would take effect immediately as a tax levy, but specified provisions would become operative as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17072 of the Revenue and Taxation  
2 Code is amended to read:

3 17072. (a) Section 62 of the Internal Revenue Code, relating  
4 to adjusted gross income defined, applies, except as otherwise  
5 provided.

6 (b) The deduction allowed by Section 17204, relating to  
7 interest on education loans, is allowed in computing adjusted gross  
8 income.

9 (c) (1) The deductions allowed in computing adjusted gross  
10 income include the deductions allowed by Section 162 of the  
11 Internal Revenue Code, as modified by Section 17202.5,  
12 determined under Section 62(a)(2)(E) of the Internal Revenue  
13 Code, as added by the Military Family Tax Relief Act of 2003  
14 (Public Law 108-121).

15 (2) The amendments made to this section by the act adding this  
16 subdivision shall apply to amounts paid or incurred in taxable  
17 years beginning after December 31, 2002.

18 SEC. 2. Section 17132.5 of the Revenue and Taxation Code  
19 is amended to read:

20 17132.5. Section 101 of the Internal Revenue Code, relating  
21 to certain death benefits, is modified as follows:

22 (a) Section 101(h) of the Internal Revenue Code, relating to  
23 survivor benefits attributable to service by a public safety officer



1 who is killed in the line of duty, is modified to apply to amounts  
2 received in taxable years beginning after December 31, 1996, with  
3 respect to individuals dying after December 31, 1996.

4 (b) (1) The amendments made to Section 101 of the Internal  
5 Revenue Code by Section 102 of the Victims of Terrorism Tax  
6 Relief Act of 2001 (Public Law 107-134) shall apply to taxable  
7 years ending before, on, or after September 11, 2001.

8 (2) If a refund or a credit of any overpayment of tax resulting  
9 from the amendments made by the act amending and renumbering  
10 this section is precluded at any time before the close of the  
11 one-year period beginning on the operative date of that act by the  
12 operation of any law or rule of law, including res judicata, that  
13 refund or credit may nevertheless be made or allowed if a claim  
14 therefor is filed on or before the close of that one-year period.

15 (c) (1) Section 101 of the Internal Revenue Code, as modified  
16 by subdivision (b), is modified to additionally provide that Section  
17 101(i) of the Internal Revenue Code shall apply to any astronaut  
18 whose death occurs in the line of duty.

19 (2) The amendments made to this section by the act adding this  
20 subdivision shall apply to amounts paid after December 31, 2002,  
21 with respect to deaths occurring after that date.

22 SEC. 3. Section 17144.5 of the Revenue and Taxation Code,  
23 as added by Section 13 of Chapter 34 of the Statutes of 2002, is  
24 repealed.

25 SEC. 4. Section 17144.5 of the Revenue and Taxation Code,  
26 as added by Section 13 of Chapter 35 of the Statutes of 2002, is  
27 amended to read:

28 17144.5. (a) Section 132 of the Internal Revenue Code, as  
29 amended by Title VI of the Economic Growth and Tax Relief  
30 Reconciliation Act of 2001 (Public Law 107-16), and as amended  
31 by Section 103 of the Military Family Tax Relief Act of 2003  
32 (Public Law 108-121), shall apply except as otherwise provided.

33 (b) The amendments made to this section by the act adding this  
34 subdivision shall apply to payments made after November 11,  
35 2003.

36 SEC. 5. Section 17152 of the Revenue and Taxation Code is  
37 amended to read:

38 17152. Section 121 of the Internal Revenue Code, relating to  
39 exclusion of gain from sale of principal residence, is modified as  
40 follows:

1 (a) The two-year period in Section 121(a) of the Internal  
2 Revenue Code shall be reduced by the period of the taxpayer's  
3 service, not to exceed 18 months, in the Peace Corps during the  
4 five-year period ending on the date of the sale or exchange.

5 (b) If the taxpayer is prohibited from filing a joint return  
6 pursuant to Section 18521, Section 121(b)(2)(A) of the Internal  
7 Revenue Code shall nevertheless be treated as being satisfied if the  
8 taxpayer files a joint return for federal income tax purposes for the  
9 same taxable year. However, in no instance shall the total amount  
10 excludable from gross income under Section 121(a) of the Internal  
11 Revenue Code with respect to any sale or exchange exceed the  
12 maximum amount allowed by Section 121(b) of the Internal  
13 Revenue Code.

14 (c) (1) If a taxpayer has, at any time, made an election for  
15 federal purposes under Section 121(f) of the Internal Revenue  
16 Code not to have Section 121 of the Internal Revenue Code apply  
17 to a sale or exchange, Section 121 of the Internal Revenue Code  
18 shall not apply to that sale or exchange for state purposes, a  
19 separate election for state purposes shall not be allowed under  
20 paragraph (3) of subdivision (e) of Section 17024.5, the federal  
21 election shall be binding for purposes of this part, and that election  
22 shall be treated as an election to include in gross income for  
23 purposes of this part all the gain from the sale or exchange of that  
24 property, including that amount which, but for that election, would  
25 have been excluded from income under Section 121(a) of the  
26 Internal Revenue Code for state purposes.

27 (2) If a taxpayer fails to make an election for federal purposes  
28 under Section 121(f) of the Internal Revenue Code to not have  
29 Section 121 of the Internal Revenue Code apply to a sale or  
30 exchange, no election under Section 121(f) of the Internal  
31 Revenue Code shall be allowed for state purposes, Section 121 of  
32 the Internal Revenue Code shall apply to that sale or exchange for  
33 state purposes, and a separate election for state purposes shall not  
34 be allowed under paragraph (3) of subdivision (e) of Section  
35 17024.5.

36 (d) (1) If a taxpayer has, at any time, made an election for  
37 federal purposes under Section 312(d)(2) of the Taxpayer Relief  
38 Act of 1997 (Public Law 105-34), relating to sales before date of  
39 enactment, or Section 312(d)(4) of that act, relating to binding  
40 contracts, to not have the amendments made by Section 312 of the

1 Taxpayer Relief Act of 1997 (Public Law 105-34) apply to a sale  
2 or exchange, the amendments made by the act adding this  
3 subdivision shall not apply to that sale or exchange, Sections 1, 4,  
4 and 6 of Chapter 610 of the Statutes of 1997 shall not apply to that  
5 sale or exchange, a separate election for state purposes shall not be  
6 allowed under paragraph (3) of subdivision (e) of Section 17024.5,  
7 and the federal election shall be binding for purposes of this part.

8 (2) If a taxpayer fails to make an election for federal purposes  
9 under Section 312(d)(2) of the Taxpayer Relief Act of 1997  
10 (Public Law 105-34), relating to sales before date of enactment, or  
11 Section 312(d)(4) of that act, relating to binding contracts, to not  
12 have the amendments made by Section 312 of the Taxpayer Relief  
13 Act of 1997 (Public Law 105-34) apply to a sale or exchange, an  
14 election under Section 312(d)(2) of the Taxpayer Relief Act of  
15 1997 (Public Law 105-34), relating to sales before date of  
16 enactment, or Section 312(d)(4) of that act, relating to binding  
17 contracts, shall not be allowed for state purposes, the amendments  
18 made by the act adding this subdivision shall apply to that sale or  
19 exchange, Sections 1, 4, and 6 of Chapter 610 of the Statutes of  
20 1997 shall apply to that sale or exchange, and a separate election  
21 for state purposes shall not be allowed under paragraph (3) of  
22 subdivision (e) of Section 17024.5.

23 (e) (1) At the election of an individual, the running of the  
24 five-year period described in Sections 121(a), 121(c)(1)(B), and  
25 121(d)(7) of the Internal Revenue Code shall be suspended during  
26 any period that the individual or the individual's spouse is serving  
27 on qualified official extended duty as a member of the uniformed  
28 services or of the Foreign Service of the United States.

29 (2) The five-year period described in Section 121(a) of the  
30 Internal Revenue Code shall not be extended more than 10 years  
31 by reason of paragraph (1).

32 (3) For purposes of this subdivision:

33 (A) The term "qualified official extended duty" means any  
34 extended duty while serving at a duty station which is at least 50  
35 miles from that property or while residing under government  
36 orders in government quarters.

37 (B) The term "uniformed services" has the same meaning  
38 given that term by Section 101(a)(5) of Title 10 of the United  
39 States Code, as in effect on November 11, 2003.

(C) The term “member of the Foreign Service of the United States” has the same meaning given the term “member of the service” by paragraph (1), (2), (3), (4), or (5) of Section 103 of the Foreign Service Act of 1980, as in effect on November 11, 2003.

(D) The term “extended duty” means any period of active duty pursuant to a call or order to that duty for a period in excess of 90 days or for an indefinite period.

(4) (A) An election under paragraph (1) with respect to any property may not be made if that election is in effect with respect to any other property.

(B) An election under paragraph (1) may be revoked at any time.

(C) If a taxpayer has, at any time, made or revoked an election for federal purposes under Section 121(d)(9) of the Internal Revenue Code, as added by the Military Family Tax Relief Act of 2003 (Public Law 108-121), to suspend the running of the five-year period described in Sections 121(a), 121(c)(1)(B), and 121(d)(7) of the Internal Revenue Code, that election or revocation of election to suspend the five-year period under this subdivision shall be applicable for state purposes, a separate election or revocation of election for purposes of this subdivision may not be allowed under paragraph (3) of subdivision (e) of Section 17024.5, and the federal election or revocation of election shall be binding for purposes of this part.

(D) If a taxpayer fails to make an election for federal purposes under Section 121(d)(9) of the Internal Revenue Code to suspend the running of the five-year period described in Sections 121(a), 121(c)(1)(B), and 121(d)(7) of the Internal Revenue Code, that five-year period may not be suspended under this subdivision with respect for state purposes, and a separate election for state purposes shall not be allowed under paragraph (3) of subdivision (e) of Section 17024.5.

(5) (A) The amendments made to this section by the act adding this subdivision shall be applied in the same manner and for the same periods as specified in the Military Family Tax Relief Act of 2003 (Public Law 108-121).

(B) If a refund or credit of any overpayment of tax resulting from the amendments made by the act adding this subdivision is prevented at any time before the close of the one-year period beginning on November 11, 2003, by the operation of any law or

1 rule of law (including res judicata), that refund or credit may  
2 nevertheless be made or allowed if the claim therefor is filed  
3 before the close of that period.

4 SEC. 6. Section 17160.5 is added to the Revenue and Taxation  
5 Code, to read:

6 17160.5. (a) (1) Section 134 of the Internal Revenue Code,  
7 relating to certain military benefits, is modified to additionally  
8 provide that Section 134(b)(3)(A) of the Internal Revenue Code  
9 shall not apply to any adjustment to the amount of death gratuity  
10 payable under Chapter 75 of Title 10 of the United States Code,  
11 which is pursuant to a provision of law enacted after September 9,  
12 1986.

13 (2) This subdivision shall apply with respect to deaths  
14 occurring after September 10, 2001.

15 (b) (1) Section 134(b) of the Internal Revenue Code, defining  
16 qualified military benefit, is modified to provide that for purposes  
17 of Section 134(b)(1) of the Internal Revenue Code, the term  
18 “qualified military benefit” includes any dependent care  
19 assistance program (as in effect on November 11, 2003) for any  
20 individual described in Section 134(b)(1)(A) of the Internal  
21 Revenue Code.

22 (2) This subdivision shall apply to taxable years beginning  
23 after December 31, 2002.

24 (3) No inference may be drawn from the amendments made by  
25 the act adding this subdivision with respect to the tax treatment of  
26 any amount under the program described in paragraph (1) for any  
27 taxable year beginning before January 1, 2003.

28 SEC. 7. Section 17202.5 is added to the Revenue and Taxation  
29 Code, to read:

30 17202.5. (a) Section 162 of the Internal Revenue Code,  
31 relating to trade or business expenses, is modified to additionally  
32 provide that for purposes of Section 162(a)(2) of the Internal  
33 Revenue Code, in the case of an individual who performs services  
34 as a member of a reserve component of the Armed Forces of the  
35 United States at any time during the taxable year, the individual  
36 shall be deemed to be away from home in the pursuit of a trade or  
37 business for any period during which the individual is away from  
38 home in connection with that service.

39 (b) This section shall apply to amounts paid or incurred in  
40 taxable years beginning after December 31, 2002.



1 SEC. 8. Section 17731 of the Revenue and Taxation Code is  
2 amended to read:

3 17731. (a) Subchapter J of Chapter 1 of Subtitle A of the  
4 Internal Revenue Code, relating to estates, trusts, beneficiaries,  
5 and decedents, shall apply, except as otherwise provided.

6 (b) (1) The amendments made to Section 692 of the Internal  
7 Revenue Code by Sections 101 and 113 of the Victims of  
8 Terrorism Tax Relief Act of 2001 (Public Law 107-134) shall  
9 apply to the same periods as applied under federal law, except as  
10 otherwise provided.

11 (2) Section 692(d)(2) of the Internal Revenue Code, relating to  
12 the ten-thousand-dollar (\$10,000) minimum benefit, does not  
13 apply.

14 (c) If a refund or a credit of any overpayment of tax resulting  
15 from the amendments made by this section is prevented at any time  
16 before the close of the one-year period beginning on the date of  
17 enactment of this act by the operation of any law or rule of law  
18 (including *res judicata*), that refund or credit may nevertheless be  
19 made or allowed if a claim therefor is filed on or before the close  
20 of that one-year period.

21 (d) (1) Section 692(d) of the Internal Revenue Code is  
22 modified to additionally provide that Section 692(d) of the  
23 Internal Revenue Code, as modified by paragraph (1) of  
24 subdivision (b), applies to any astronaut whose death occurs in the  
25 line of duty, except that Section 692(d)(3)(B) of the Internal  
26 Revenue Code shall be applied by using the date of the death of the  
27 astronaut rather than September 11, 2001.

28 (2) The amendments made to this section by the act adding this  
29 subdivision shall apply with respect to any astronaut whose death  
30 occurs after December 31, 2002.

31 SEC. 9. Section 18571 of the Revenue and Taxation Code is  
32 amended to read:

33 18571. (a) The provisions of Section 7508 of the Internal  
34 Revenue Code, relating to time for performing certain acts  
35 postponed by reason of service in *a* combat zone, shall apply.

36 (b) Section 7508(e)(1) of the Internal Revenue Code, relating  
37 to tax in jeopardy, etc., is modified to refer to jeopardy assessments  
38 and liens authorized under this part, in lieu of the references to  
39 Section 6851 and Chapter 70 or 71 of the Internal Revenue Code.





(c) Notwithstanding Section 17034, this section shall be operative without regard to taxable years and shall be operative with respect to any actions specified in Section 18570 that are required or permitted to be taken on or after August 2, 1990.

(d) (1) Section 7508(a) of the Internal Revenue Code, relating to time to be disregarded, is additionally modified by all of the following:

(A) Substituting the phrase “section 112, or when deployed outside the United States away from the individual’s permanent duty station while participating in an operation designated by the Secretary of Defense as a contingency operation (as defined in Section 101(a)(13) of title 10, United States Code) or which became such a contingency operation by operation of law” for the phrase “section 112” contained therein.

(B) Substituting the phrase “for purposes of such section or at any time during the period of such contingency operation” for the phrase “for purposes of such section” contained therein.

(C) Substituting the phrase “such an area or operation” for the phrase “such an area” contained therein.

(D) Substituting the phrase “such area or operation” for the phrase “such area” contained therein.

(2) Section 7508(d) of the Internal Revenue Code, relating to missing status, is additionally modified by substituting the phrase “area or contingency operation” for the phrase “area” contained therein.

(3) The amendments made to this section by the act adding this subdivision shall apply to any period for performing an act which has not expired before November 11, 2003.

SEC. 10. Section 23701w of the Revenue and Taxation Code is amended to read:

23701w. (a) A veteran’s organization, as defined by Section 501(c)(19) of the Internal Revenue Code, as amended by Section 105 of the Military Family Tax Relief Act of 2003 (Public Law 108-121).

(b) The amendments made to this section by the act adding this subdivision shall apply to taxable years beginning after November 11, 2003.

SEC. 11. Section 23703.5 is added to the Revenue and Taxation Code, to read:

23703.5. Section 501(p) of the Internal Revenue Code, as amended by Section 108 of the Military Family Relief Tax Act of 2003 (Public Law 108-121), relating to suspension of tax-exempt status of terrorist organizations, shall apply, except as otherwise provided:

(a) References to Section 501(a) of the Internal Revenue Code shall be modified to refer to Section 23701.

(b) Section 501(p)(4) of the Internal Revenue Code is modified by substituting the phrase “under Part 10 (commencing with Section 17001) and this part” for the phrase “under any provision of this title, including section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), and 2522” contained therein.

(c) This section shall apply only during the period described in Section 501(p)(3) of the Internal Revenue Code that the federal tax exemption of the organization described in Section 501(p)(2) of the Internal Revenue Code is suspended for federal income tax purposes under Section 501(p)(1) of the Internal Revenue Code.

(d) Section 501(p)(5) of the Internal Revenue Code shall not apply and in lieu thereof, notwithstanding any other provision of law, no organization or other person may challenge a suspension under this section, a designation or identification described in Section 501(p)(2) of the Internal Revenue Code, the period of suspension described in Section 501(p)(3) of the Internal Revenue Code, or a denial of a deduction under Section 501(p)(4) of the Internal Revenue Code as modified in subdivision (b) in any administrative or judicial proceeding relating to the California tax liability of the organization or other person.

(e) (1) Credit or refund (with interest) with respect to an overpayment shall be made if all of the following apply with respect to that overpayment:

(A) The tax exemption of any organization described in Section 501(p)(2) of the Internal Revenue Code is suspended under this section.

(B) Each designation and identification described in Section 501(p)(2) of the Internal Revenue Code which has been made with respect to that organization is determined to be erroneous under Section 501(p)(6) of the Internal Revenue Code for federal income tax purposes.

1 (C) The erroneous designations and identifications result in an  
2 overpayment of income tax for any taxable year by that  
3 organization.

4 (2) If the credit or refund of any overpayment of tax described  
5 in subparagraph (C) of paragraph (1) is prevented at any time by  
6 the operation of any law or rule of law (including res judicata), the  
7 credit or refund may nevertheless be allowed or made if the claim  
8 therefor is filed before the close of the one-year period beginning  
9 on the date of the last determination described in subparagraph (B)  
10 of paragraph (1).

11 (f) This section shall apply to designations made before, on, or  
12 after November 11, 2003.

13 SEC. 12. Section 23712 of the Revenue and Taxation Code is  
14 amended to read:

15 23712. Section 530 of the Internal Revenue Code, as amended  
16 by Sections 401 and 402 of the Economic Growth and Tax Relief  
17 Reconciliation Act of 2001 (Public Law 107-16) and Section 411  
18 of the Job Creation and Worker Assistance Act of 2002 (Public  
19 Law 107-147), relating to education savings accounts, shall apply,  
20 except as otherwise provided.

21 (a) Section 530(a) of the Internal Revenue Code is modified as  
22 follows:

23 (1) By substituting the phrase “under Part 10 (commencing  
24 with Section 17001) and this part” in lieu of the phrase “under this  
25 subtitle.”

26 (2) By substituting “Article 2 (commencing with Section  
27 23731)” in lieu of “section 511.”

28 (b) For taxable years beginning before January 1, 2002,  
29 Section 530(b)(1) of the Internal Revenue Code, relating to the  
30 definition of education savings account, is modified to  
31 additionally require that upon the date that the designated  
32 beneficiary becomes 30 years of age, any balance to the credit of  
33 the beneficiary shall be distributed within 30 days after the date the  
34 beneficiary becomes 30 years of age to that beneficiary.

35 (c) Section 530(d) of the Internal Revenue Code is modified as  
36 follows:

37 (1) By substituting the phrase “under Part 10 (commencing  
38 with Section 17001) in the manner as provided in Section 72(b) of  
39 the Internal Revenue Code, as modified by Part 10” in lieu of the

1 phrase “in the manner as provided in Section 72(b)” in Section  
2 530(d)(1) of the Internal Revenue Code.

3 (2) (A) A taxpayer that has elected to waive the application of  
4 Section 530(d)(2) of the Internal Revenue Code for federal income  
5 tax purposes shall be treated as having waived the application of  
6 that paragraph for state purposes, a separate election for state  
7 purposes shall not be allowed under paragraph (3) of subdivision  
8 (e) of Section 17024.5 or paragraph (3) of subdivision (e) of  
9 Section 23051.5, and the federal election shall be binding for  
10 purposes of Part 10 (commencing with Section 17001) and this  
11 part.

12 (B) If a taxpayer fails to make an election under Section  
13 530(d)(2)(C) of the Internal Revenue Code for federal income tax  
14 purposes to waive the application of Section 530(d)(2) of the  
15 Internal Revenue Code, an election under Section 530(d)(2)(C) of  
16 the Internal Revenue Code shall not be allowed for state purposes,  
17 Section 530(d)(2)(A) and (B) of the Internal Revenue Code shall  
18 apply for state purposes, and a separate election for state purposes  
19 shall not be allowed under paragraph (3) of subdivision (e) of  
20 Section 17024.5.

21 (3) (A) By substituting the phrase “tax imposed by Part 10  
22 (commencing with Section 17001)” in lieu of the phrase “tax  
23 imposed by this chapter” in Section 530(d)(4)(A) of the Internal  
24 Revenue Code.

25 (B) By substituting the phrase “increased by 2½ percent” in  
26 lieu of the phrase “increased by 10 percent” in Section  
27 530(d)(4)(A) of the Internal Revenue Code.

28 (C) By substituting the phrase “shall be included in the  
29 contributor’s gross income under Part 10 (commencing with  
30 Section 17001) or this part” in lieu of the phrase “shall be included  
31 in gross income” in Section 530(d)(4)(C) of the Internal Revenue  
32 Code.

33 (D) (i) By additionally providing that Section 530(d)(4)(A) of  
34 the Internal Revenue Code, relating to additional tax for  
35 distributions not used for educational purposes, shall not apply if  
36 the payment or distribution is made on account of the attendance  
37 of the designated beneficiary at the United States Military  
38 Academy, the United States Naval Academy, the United States Air  
39 Force Academy, the United States Coast Guard Academy, or the  
40 United States Merchant Marine Academy, to the extent that the



1 amount of the payment or distribution does not exceed the costs of  
2 advanced education (as defined by Section 2005(e)(3) of Title 10  
3 of the United States Code, as in effect on November 11, 2003)  
4 attributable to that attendance.

5 (ii) The amendments made to this section by the act adding this  
6 subparagraph shall apply to taxable years beginning after  
7 December 31, 2002.

8 (d) For purposes of Part 10 (commencing with Section 17001)  
9 and this part, in the case of a custodial account treated as a trust by  
10 reason of Section 530(g) of the Internal Revenue Code, the  
11 custodian of that account shall be treated as the trustee thereof.

12 (e) A copy of the report, which is required to be filed with the  
13 Secretary of the Treasury under Section 530(h) of the Internal  
14 Revenue Code, shall be filed with the Franchise Tax Board at the  
15 same time and in the same manner as specified in that section.

16 SEC. 13. *The Legislature declares that the tax relief provided*  
17 *by this act serves a public purpose of the state and conforms state*  
18 *law to the federal Military Family Tax Relief Act of 2003 (Public*  
19 *Law 108-121) that was enacted on November 11, 2003, which*  
20 *specifically provides retroactive tax relief.*

21 SEC. 14. This act provides for a tax levy within the meaning  
22 of Article IV of the Constitution and shall go into immediate  
23 effect.